



## Suncor (TSX:SU) Stock: A Dividend Raise Is Coming Soon!

### Description

Energy stocks are finally seeing a recovery during the last few months. And it's been a long road from the bottom. After climbing to all-time highs, companies like **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) began to fall, and fall ... and fall again. With the Organization of Petroleum Exporting Countries (OPEC+) cutting back production, and oil and gas prices plummeting, Suncor stock and others were in dire straits. Then the pandemic hit.

If things weren't bad enough, production came to a standstill with COVID-19 causing companies to cut back even further. This included Suncor stock, and the company was forced to cut its dividend by more than *half* back in May 2020. This came after a multi-billion-dollar loss reported by the company.

But all this could be about to change, according to analysts.

### A rebound underway

With pressure coming in from all sides, energy stocks across the board had to take a hard look at where they were spending cash. Suncor stock realized the company wasn't covering its capital expenditures from its cash from operations, and thus the dividend became a prime target. Companies were forced to scale back spending and become disciplined cash machines if they were going to survive.

And Suncor stock hasn't just survived; it now has a strong balance sheet, putting it in a solid position with a rebound in oil and gas prices underway. Not only is Suncor stock able to cover capital expenditures, but it's also able to cover its current dividend with [cash to spare](#)! This is leading to pressure to increase the dividend, as the company has already reinstated a buyback program.

Suncor stock recently proved it's in the midst of a rebound, generating \$2.1 billion in funds from operations (FFO) during the quarter ending March 31. The company reported \$746 million in operating earnings compared to a *loss* of \$421 million the year before. The best part? It also posted \$821 million in net earnings compared to a \$3.5 billion *loss* in the first quarter of 2020, which led to the dividend cut.

## What now?

The company continued this strong growth into the next quarter, so it's likely we'll hear some news about a dividend increase. Meanwhile, it's not like Motley Fool investors aren't receiving anything for your patience. Shares Suncor stock have already risen by 20% in the last year. Its price-to-book ratio of 1.1 makes it a steal at today's share price, especially considering the average potential upside of 48% predicted by analysts in the next year.

On top of that, you'll receive a dividend yield today of 3.21%, and that's not nothing. Meanwhile, Motley Fool investors can pick up the stock on the cheap and potentially see dividends double before the year is out! Oil and gas will [continue to grow](#) in demand, albeit with fluctuations as the world tries to get out of the pandemic. But when that happens, Canada's largest fully integrated oil and gas producer is likely to make significant revenue — even more so since it's learned how to cut back and save cash.

Motley Fool investors looking for a value stock to buy and [hold for decades](#) can definitely consider Suncor stock at the top of their list. But even better, they can also likely look forward to a bump in dividends in the coming year, if not sooner.

### CATEGORY

1. Energy Stocks
2. Investing
3. Personal Finance

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### PP NOTIFY USER

1. alegatewolf
2. kduncombe

### Category

1. Energy Stocks
2. Investing

### 3. Personal Finance

**Date**

2025/07/08

**Date Created**

2021/07/28

**Author**

alegatewolfe

default watermark

default watermark